

New Hampshire Insurance Department Press Release

FOR IMMEDIATE RELEASE

February 2, 2005

Contact: Jack Zemp
603.271.2261

New Hampshire Insurance Commissioner Remains Focused on Local Consumers after Marsh's \$850 Million Settlement.

"A significant first step." That's how New Hampshire Insurance Commissioner Roger Sevigny views this past Monday's settlement agreement between insurance broker Marsh & McLennan Companies, Inc. and the New York Department of Insurance and Attorney General, Elliot Spitzer. The agreement creates an \$850 million fund to settle bid-rigging charges and to return overcharges to U.S. clients resulting Marsh's anti-competitive behavior.

"Our goal is to assure that insurance consumers can be confident that they will be treated fairly in the marketplace. We will continue our efforts, in collaboration with other states, to assess current producer compensation arrangements and the extent that asserted improper practices may have affected consumers locally," Commissioner Sevigny added.

The New Hampshire Insurance Department, as a member of the National Association of Insurance Commissioners (NAIC), is tracking its activities closely with a three-pronged action plan designed by the NAIC to engage consumers, provide a solution, coordinate multi-state inquiries and leverage state expertise and resources. This plan includes:

Fraud Reporting: As an immediate means to empower consumers, the Department now has a link to an on-line fraud reporting system to complement similar reporting systems already in place in some states. This system allows consumers and others to anonymously report suspected fraudulent activities through the NAIC Web site at www.naic.org.

Full Inquiry and Coordination: To examine the impact of such activities in New Hampshire, the Department sent a formal letter of inquiry on producer compensation arrangements to domestic insurers and randomly selected producers. Relying on market analysis tools, the Department will share summary data with the NAIC, analyze the issues, and determine next steps for regulatory intervention.

Greater Transparency on Broker Compensation: The Department is participating with other members of the NAIC in developing new language for the Producer Licensing Model Act that would require certain disclosures for producers who receive compensation from or are representing the customer. The amendments are designed to ensure consumers receive necessary

information to understand any potential conflicts of interest a producer may have because of the manner in which the insurance producer is compensated.

“The Marsh settlement is certainly welcomed, but our job continues, “ noted Commissioner Sevigny. “We need to take all necessary steps to make sure similar abuses have not occurred in New Hampshire, and to protect consumers from such practices in the future.”